

Services De Santé De Chapleau Health Services

Financial Statements

Year ended March 31, 2018

MANAGEMENT RESPONSIBILITY STATEMENT

The accompanying financial statements of the Services De Santé De Chapleau Health Services ("the Hospital") are the responsibility of the Hospital's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for government not-for-profit organizations established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to these financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Hospital's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Hospital. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Hospital's financial statements.

Interim
Chief Executive Officer *N. Canty*

Chair *D. Portelance - Sodin*

June 13, 2018

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Services De Santé De Chapleau Health Services

Report on the Financial Statements

We have audited the accompanying financial statements of **Services De Santé De Chapleau Health Services**, which comprise the statement of financial position as at **March 31, 2018**, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Services De Santé De Chapleau Health Services as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

INDEPENDENT AUDITOR'S REPORT, continued

Other Matter

The organization's financial statements as at, and for the year ended March 31, 2017, presented as comparative figures in the accompanying financial statements, were reported on by another firm of Chartered Professional Accountants who issued an unqualified audit opinion in their Independent Auditor's Report dated June 7, 2017.

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 13, 2018

Services De Santé De Chapleau Health Services

Statement of Financial Position

March 31, 2018 with comparative figures for 2017

	2018	2017
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 731,111	\$ 943,764
Investments (note 4)	74,845	75,218
Accounts receivable (note 5)	209,783	411,558
Inventory	163,140	147,859
Prepaid expenses	85,356	69,831
	1,264,235	1,648,230
Receivable from Chapleau General Hospital Foundation (note 6)	125,618	86,220
Capital assets (note 7)	7,869,207	7,767,994
	\$ 9,259,060	\$ 9,502,444
Liabilities and net assets (deficit)		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 1,710,610	\$ 2,205,420
Deferred contributions	296,705	296,705
Current portion of long-term debt	67,506	26,086
	2,074,821	2,528,211
Long-term debt (note 9)	517,524	444,871
Liability for post-retirement benefits (note 10)	665,500	627,300
Deferred capital contributions (note 11)	6,928,394	6,930,790
	10,186,239	10,531,172
Net assets (deficit)		
Unrestricted net assets (deficit)	(1,294,098)	(1,406,110)
Equity in capital assets (note 13)	366,919	377,382
	(927,179)	(1,028,728)
	\$ 9,259,060	\$ 9,502,444

Contingent liabilities (note 12)

Approved on behalf of the Board of Directors

Director

Director

Services De Santé De Chapleau Health Services

Statement of Operations

Year ended March 31, 2018 with comparative figures for 2017

	2018	2017
Revenues		
Chapleau General Hospital (Schedule 1)	\$ 10,153,297	\$ 10,203,301
Other Votes (Schedule 2)	1,248,639	1,270,651
Cedar Grove (Schedule 3)	301,297	265,171
	11,703,233	11,739,123
Expenditures		
Chapleau General Hospital (Schedule 1)	10,017,575	9,735,994
Other Votes (Schedule 2)	1,310,465	1,351,573
Cedar Grove (Schedule 3)	283,834	325,848
	11,611,874	11,413,415
Excess of revenues over expenditures before undernoted items	91,359	325,708
Investment income and interest	12,419	6,631
Gain on sale of investments	3,223	-
Unrealized gain (loss) in market value of investments	(5,452)	7,034
Excess of revenues over expenditures	\$ 101,549	\$ 339,373

Services De Santé De Chapleau Health Services

Statement of Changes in Net Assets

Year ended March 31, 2018 with comparative figures for 2017

	Unrestricted net assets (deficit)	Equity in capital assets	Total 2018	Total 2017
Balance, beginning of year	\$ (1,406,110)	\$ 377,382	\$ (1,028,728)	\$ (1,368,101)
Excess (deficiency) of revenues over expenditures	246,523	(144,974)	101,549	339,373
Invested in capital assets	(134,511)	134,511	-	-
Balance, end of year	\$ (1,294,098)	\$ 366,919	\$ (927,179)	\$ (1,028,728)

Services De Santé De Chapleau Health Services
Cash Flows Statement
Year ended March 31, 2018 with comparative figures for 2017

	2018	2017
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 101,549	\$ 339,373
Adjustments for non-cash items		
Amortization of capital assets	654,359	556,328
Amortization of deferred capital contributions	(509,385)	(454,859)
Increase in post-retirement benefits	38,200	57,500
Gain on sale of investments	(3,223)	-
Unrealized (gain) loss on market value of investments	5,452	(7,034)
	286,952	491,308
Change in non-cash working capital items		
Accounts receivable	201,775	(192,978)
Inventory	(15,281)	13,464
Prepaid expenses	(15,525)	23,197
Accounts payable and accrued liabilities	(494,810)	686,438
	(36,889)	1,021,429
Cash flows from investing activities		
Purchase of investments	(1,855)	-
	(1,855)	-
Cash flows from financing activities		
Advances to related party	(39,398)	53,369
Proceeds of long-term debt	617,320	-
Long-term debt reduction - forgivable loan	(30,859)	(2,664)
Principal payments on long-term debt	(472,388)	(24,379)
	74,675	26,326
Cash flows from capital activities		
Deferred capital contributions	506,989	1,300,556
Purchase of capital assets	(755,573)	(1,459,915)
	(248,584)	(159,359)
Increase (decrease) in cash	(212,653)	888,396
Cash, beginning of year	943,764	55,368
Cash, end of year	\$ 731,111	\$ 943,764

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

1. Nature of operations

Services De Santé De Chapleau Health Services ("the Hospital") is principally involved in providing health care services to the residents of the Chapleau area. The Hospital is incorporated without share capital under the Corporations Act (Ontario) and is a charitable organization within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income tax.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations including PS 4200 series of standards as issued by the Public Sector Accounting Board. The significant policies are detailed as follows:

(a) Revenue recognition

The Hospital follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care ("MOHLTC") and the North East Local Health Integration Network. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from the Provincial insurance plan, preferred accommodation, and marketed services are recognized in the period in which the goods are sold or the service is provided.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

2. Significant accounting policies, continued

(c) Investments

The organization records its investments at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of operations.

(d) Inventory

Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined using the purchase cost method.

(e) Related entity

The notes to the accompanying financial statements include information of Chapleau General Hospital Foundation. This entity is not consolidated in these statements. The Hospital has an economic interest in the entity.

(f) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Hospital's ability to provide services, its carrying amount is written down to its estimated realizable value.

Amortization is provided on assets placed into use on the straight-line basis over their estimated useful lives as follows:

Land improvements	5 to 15 years
Buildings	20 to 30 years
Equipment	5 to 15 years

(g) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates used in the preparation of the accompanying financial statements include estimated allowances for uncollectible accounts receivable, realizable value of inventory, estimated useful lives of capital assets, certain accrued liabilities, and post-employment benefits liability.

Services De Santé De Chapleau Health Services
Notes to the Financial Statements
Year ended March 31, 2018 with comparative figures for 2017

2. Significant accounting policies, continued

(h) Pension plans and other retirement benefit plans

The Hospital accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 12 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

The Hospital is an employer member of the Healthcare of Ontario Pension Plan (The "Plan"), which is a multi-employer, defined benefit pension plan. The Hospital has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Hospital records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for the past employee service.

(i) Contributed services

The Hospital is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

2. Significant accounting policies, continued

(j) Funding Adjustments

The Hospital receives grants from the Local Health Integration Network ("LHIN") and the Ministry of Health and Long-Term Care ("MOHLTC") for specific services. Pursuant to the related agreements, if the Hospital does not meet specified levels of activity, the LHIN or MOHLTC are entitled to seek recoveries. Should any amounts become recoverable, the recoveries would be charged to operations in the period in which the recovery is determined payable. Should programs and activities incur a deficit, the Hospital records any recoveries thereon when additional funding is received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

(k) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Hospital subsequently measures its financial assets and financial liabilities at amortized cost using the effective interest rate method, except for investments which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include investments.

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

2. Significant accounting policies, continued

(k) Financial instruments, continued

(ii) Impairment

Financial assets measured at other than fair value cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations, in the period it is identified and measurable, to the amount of the previously recognized impairment.

3. Cash and cash equivalents

Included in cash and cash equivalents is cash and guaranteed investment certificates.

4. Investments

Investments are recorded at market value and consist of a cash balance with a market and cost value of \$9,456, and an investment balance with a market value of \$65,389 (cost - \$64,413).

5. Accounts receivable

	2018	2017
HST rebates	\$ 91,079	\$ 124,470
Grants and other	60,588	179,932
Patients, tenants and service recipients	58,116	107,156
	<u>\$ 209,783</u>	<u>\$ 411,558</u>

Services De Santé De Chapleau Health Services**Notes to the Financial Statements****Year ended March 31, 2018 with comparative figures for 2017**

6. Receivable from Chapleau General Hospital Foundation

The advances are unsecured, non-interest bearing and without fixed terms of repayment.

7. Capital assets

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Land	\$ 82,133	\$ -	\$ 82,133	\$ 82,133
Land improvements	278,804	228,830	49,974	57,113
Buildings	16,922,833	9,710,452	7,212,381	7,264,743
Equipment	6,450,491	5,925,772	524,719	364,005
	<u>\$ 23,734,261</u>	<u>\$ 15,865,054</u>	<u>\$ 7,869,207</u>	<u>\$ 7,767,994</u>

Cost and accumulated amortization at March 31, 2017 amounted to \$22,978,689 and \$15,210,694, respectively.

8. Accounts payable and accrued liabilities

	2018	2017
General accounts payable and other	\$ 1,064,441	\$ 1,389,722
Payroll related	361,710	352,529
Local Health Integration Network/ Ministry of Health and Long-Term Care	284,459	463,169
	<u>\$ 1,710,610</u>	<u>\$ 2,205,420</u>

Included in accounts payable and accrued liabilities are government remittances payable of \$16,447 (2017 - \$14,357).

Services De Santé De Chapleau Health Services**Notes to the Financial Statements****Year ended March 31, 2018 with comparative figures for 2017**

9. Long-term debt

	2018	2017
5.99% RBC vehicle loan, payable \$612 monthly including interest, maturing 2020, secured by specified equipment with a net book value of \$14,119.	\$ 13,814	\$ 20,124
3.55% RBC mortgage, payable \$2,951 monthly including interest, secured by the Cedar Grove apartments located at 101 Pine Street, maturing 2032.	395,469	-
4.01% IBM software loan, payable \$278 monthly including interest, maturing 2022, secured by specified equipment with a net book value of \$10,913.	13,708	-
4.7% GE equipment loan, payable \$3,590 monthly including interest, maturing 2022, secured by specified equipment with a net book value of \$154,833.	162,039	-
9.63% CMHC mortgage, payable \$49,443 annually including interest, repaid during the year	-	450,833
	585,030	470,957
Less current portion	67,506	26,086
	\$ 517,524	\$ 444,871

Since the CMHC mortgage was repaid during the year, and the borrower respected the terms and conditions of the operating agreement, the forgivable portion of the long-term liability of \$30,859 was credited to the amount owing. This amount was included in revenue during the year.

Estimated principal repayments are as follows:

2019	\$ 67,506
2020	70,560
2021	66,204
2022	69,083
2023	32,964
Subsequent years	278,713
	\$ 585,030

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

10. Liability for post-retirement benefits

The Hospital provides for the reimbursement of dental and extended health care expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these financial statements.

The most recent valuation of the employee future benefits was completed as at March 31, 2018.

	2018	2017
Balance, beginning of year	\$ 627,300	\$ 569,800
Add: Benefit costs	76,900	90,100
Less: Benefit contributions	(38,700)	(32,600)
	<u>\$ 665,500</u>	<u>\$ 627,300</u>

Similar to most post-employment benefit plants (other than pension) in Canada, the Hospital's plan is not pre-funded, resulting in a plan deficit equal to the accrued benefit obligation.

The main assumptions employed for the valuations are as follows:

Interest (discount) rate:

The obligation as at March 31, 2018 of the present value of future liabilities and the expense for the period ended March 31, 2018 was determined using an annual discount rate of 3.56% (2017 - 3.56%). This corresponds to the provincial cost of borrowing rate recommended by the MOHLTC.

Dental cost trend rates: 2.75% per annum (2017 - 2.75%).

Extended Health Care trend rates: 6.00% per annum (2017 - 6.00%).

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

11. Deferred capital contributions

Deferred capital contributions represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2018	2017
Balance, beginning of year	\$ 6,930,790	\$ 6,085,093
Additional contributions received	506,989	1,300,556
Less amounts amortized to revenue	(509,385)	(454,859)
Balance, end of year	\$ 6,928,394	\$ 6,930,790

Included in deferred capital contributions are unspent capital contributions of \$11,136, (2017 - \$11,136) that are not being amortized.

12. Contingent liabilities

The nature of the Hospital's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2018, management believes the Hospital has valid defences and appropriate insurance in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Hospital's financial position.

Services De Santé De Chapleau Health Services**Notes to the Financial Statements****Year ended March 31, 2018 with comparative figures for 2017**

13. Equity in capital assets

	2018	2017
Capital assets, net book value	\$ 7,869,207	\$ 7,767,994
Amounts financed by long-term debt	(585,030)	(470,957)
Unamortized deferred contributions	(6,917,258)	(6,919,655)
Ending equity in capital assets	\$ 366,919	\$ 377,382

The change in equity in capital assets is calculated as follows:

	2018	2017
Purchase of capital assets	\$ 755,573	\$ 1,459,915
Amounts funded by deferred capital contributions	(506,989)	(1,300,556)
Amounts funded by long-term debt	(617,320)	-
Principal payments on long-term debt	503,247	27,043
Amortization of deferred capital contributions	509,385	454,859
Amortization of capital assets	(654,359)	(556,328)
	\$ (10,463)	\$ 84,933

14. Credit facilities

The Hospital has available to it, an RBC demand loan to a maximum of \$200,000 with interest payable at prime plus 0.4%. As at March 31, 2018, there is a balance of \$Nil owing on this loan (2017 - \$Nil).

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

15. Related entity

The Chapleau General Hospital Foundation was created with the purpose of promoting and participating in fundraising initiatives for programs and capital projects. Pertinent financial information of the Foundation is as follows:

	2018	2017
Assets	\$ 1,142,569	\$ 1,206,049
Liabilities	\$ 125,718	\$ 86,220
Fund balance	1,016,851	1,119,829
	\$ 1,142,569	\$ 1,206,049
Results of Operations:		
	2018	2017
Revenues:		
Donations	\$ 37,596	\$ 123,806
Fundraising	25,346	22,852
Investment income	36,619	34,744
Total revenue	\$ 99,561	\$ 181,402
Expenses:		
Other costs	\$ 122,862	\$ 116,458
Charitable contributions	59,840	21,583
Total expenses	\$ 182,702	\$ 138,041
Other income (expense):		
Gain on sale of investments	\$ 6,541	\$ -
Unrealized gain (loss) on market value of investments	(26,378)	86,681
	\$ (19,837)	\$ 86,681
Excess (deficiency) of revenue over expenses	\$ (102,978)	\$ 130,032

All charitable contributions were directed to the Hospital, of which the Chapleau General Hospital Foundation approved contributions of \$54,915 (2017 - \$19,093) to be used for capital acquisitions.

Services De Santé De Chapeau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

16. Pension plan

Substantially all of the employees of the Hospital are members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates of the amount, together with the amounts contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan indicates the plan is fully funded. Contributions to the plan made during the year by the Hospital on behalf of its employees amounted to \$424,785 (2017 - \$422,615) and are included in the statement of operations.

At December 31, 2017, the HOOPP had total assets of \$178.7 billion (2016 - \$164.1 billion) and an accumulated surplus of \$18.2 billion (2016 - \$15.8 billion).

Services De Santé De Chapleau Health Services

Notes to the Financial Statements

Year ended March 31, 2018 with comparative figures for 2017

17. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The organization is exposed to the following risks associated with financial instruments and transactions it is a party to:

(a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause another party to incur a financial loss. The organization is exposed to credit risk associated with its cash and cash equivalents, investments, accounts receivable, and receivable from Chapleau General Hospital Foundation.

The organization minimizes risk associated with cash and cash equivalents, and investments by holding these financial assets with large reputable financial institutions with high credit ratings.

The organization has credit risk associated with its accounts receivable balances of \$209,783 (2017 - \$411,558). The organization manages its exposure to this credit risk through managements on-going monitoring of accounts receivable balances and collections including performing credit valuations on a regular basis. An allowance for bad debts is recorded when applicable.

Refer to note 2(k)(ii) regarding the organizations policies for assessing impairment of financial assets measured at other than fair value, which includes its receivable from Chapleau General Hospital Foundation.

(b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization has liquidity risk exposure associated with its accounts payable and accrued liabilities of \$1,710,610 (2017 - \$2,205,420). The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and through extensive budgeting and monitoring cash requirements to ensure adequate cash resources or arrangements exist repay creditors including long term debt interest and principal payments as those liabilities become due.

18. Comparative figures

Certain 2017 comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements. The changes do not affect prior year excess of revenues over expenditures.

Services De Santé De Chapleau Health Services**Chapleau General Hospital Operations****Schedule Of Operations****Year ended March 31, 2018 with comparative figures for 2017**

	2018	2017
Revenue		
Ministry of Health and Long-Term Care	\$ 7,662,032	\$ 7,599,353
Physician funding	814,253	815,445
Patient accommodation	558,376	633,260
Amortization of deferred capital contributions	509,385	454,859
Recoveries and miscellaneous	487,004	563,402
Patient services	122,247	136,982
	10,153,297	10,203,301
Expenditures		
Salaries and wages	4,726,054	4,535,236
Supplies and other	2,346,513	2,314,988
Employee benefits	1,330,193	1,328,531
Physician remuneration	955,129	969,985
Amortization of capital assets	590,243	501,030
Employee future benefits	48,886	72,670
Interest and bank charges	20,557	13,554
	10,017,575	9,735,994
Excess of revenues over expenditures	\$ 135,722	\$ 467,307

Services De Santé De Chapleau Health Services**Other Votes****Schedule Of Operations****Year ended March 31, 2018 with comparative figures for 2017**

	2018	2017
Revenue		
Turning Point Mental Health	\$ 383,623	\$ 398,991
Nursing Station	249,803	230,560
Assisted Living	174,356	184,500
Nurse Practitioner	159,038	165,478
Home Support Program	155,272	148,288
Medical Clinic	58,258	49,942
Turning Point Addictions	34,819	34,819
Seniors Mental Health	18,126	18,126
Foundation salaries and benefits	13,094	10,056
Municipal taxes	2,250	2,250
Developmental Services	-	27,641
	1,248,639	1,270,651
Expenditures		
Turning Point Mental Health	383,623	398,991
Nursing Station	249,803	230,560
Assisted Living	174,356	184,500
Nurse Practitioner	159,038	165,479
Home Support Program	155,273	148,288
Medical Clinic	120,083	157,263
Turning Point Addictions	34,819	34,819
Seniors Mental Health	18,126	18,126
Foundation salaries and benefits	13,094	10,056
Municipal taxes	2,250	2,250
Developmental Services	-	1,241
	1,310,465	1,351,573
Deficiency of revenues over expenditures	\$ (61,826)	\$ (80,922)

Services De Santé De Chapleau Health Services

Cedar Grove

Schedule Of Operations

Year ended March 31, 2018 with comparative figures for 2017

	2018	2017
Revenue		
Rent and accommodation charges	\$ 180,978	\$ 168,150
Elderly Person Centre	66,506	72,744
Provincial subsidy - Apartments	22,234	23,967
Other income	31,579	310
	301,297	265,171
Expenditures		
Building operations	104,793	148,936
Elderly Person Centre	66,506	72,744
General and administrative	58,537	50,467
Amortization - Buildings	53,998	53,701
	283,834	325,848
Excess (deficiency) of revenues over expenditures	\$ 17,463	\$ (60,677)